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June 1, 2005

BY HAND DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department:

DTE-3-3      DTE-6-9      DTE-6-10      DTE-9-25      DTE-10-3

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)  
A. John Sullivan, DTE (7 copies)  
Andreas Thanos, Ass't Director, Gas Division  
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 1, 2005

Responsible: Danny G. Cote, General Manager  
As to Legal: Legal Counsel

DTE-3-3      Refer to Exh. BSG/DGC-1, at 10. Please provide a copy of the referenced  
"Guide for Gas Transmission and Distribution Piping Systems."

Response:    Bay State accesses the "Guide for Gas Transmission and Distribution  
Piping Systems" (or, "GPTC") through the internet site 'WinDOT' or  
"ViaData LP." Please see Attachment DTE-3-3 for a copy of the  
requested material.

The GPTC appears to be subject to a copyright owned by ViaData LP. In order to protect the Company from a claim of copyright infringement, while providing this material as requested under the public use doctrine, the material is provided in electronic copy to the Department and the Attorney General only. Please note that Bay State believes that the Department's Pipeline Engineering and Safety staff has access to the GPTC currently through WinDOT which may facilitate review for state parties. All other parties may access this material through ViaData's website or alternatively may view it at the Company's Corporate Office for use in this proceeding.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
SIXTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 1, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-9      Refer to Exh. BSG/JES-1, at 34; Exh. BSG/JES-1, Workpaper JES-6, at 30; and Exh. BSG/JES-1, Sch. JES-6, at 14. If the proposed postage increase is not approved as filed, what steps will the Company take to adjust rates accordingly?

Response:    Bay State expects the postage increase to be approved by Congress as submitted. If Congress approves a different amount or denies the proposed increase before the end of the investigative phase of this proceeding, Bay State will update its filing accordingly.

If no action is taken by Congress before the end of the investigative period and the Department denies the adjustment as not known and measurable, Bay State will adjust the expense category in the compliance phase of the proceeding to remove the proposed adjustment, and will include test year postage expense in the O&M expenses subject to the general inflation factor when that number is rerun for compliance.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
SIXTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 1, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-10      Refer to Exh. BSG/JES-1, at 34; Exh. BSG/JES-1, Workpaper JES-6, at 30; and Exh. BSG/JES-1, Sch. JES-6, at 14. If the proposed postage increase is not approved before the midpoint of the rate year, what steps will the Company take to adjust rates accordingly?

Response:      Please see the response to DTE-6-9 that describes various scenarios based on the timing of Congress approving the postage increase and action taken by the Department.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
NINTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 1, 2005

Responsible: Joseph A. Ferro / John E. Skirtich

DTE-9-25 Please reconcile or explain the differences between the \$7,118,165 bad debt expense shown on line 24 of Exh. BSG/JAF 1-1, at 2 with the bad debt amounts shown in:  
(1) Exh. BSG/JES-6, at 9 [and 10]; and  
(2) Exh. BSG/JLH-2, Sch. JLH-2-3, at 23, line 25.

Response: The bad debt expense associated with gas costs of \$7,118,165 shown on lines 22 and 24 of Schedule JAF-1-1, page 2, represents the gas cost portion of test year bad debt ("BD") expense derived on Schedule JES-6, page 9 of 20. The gas cost portion was derived by applying the test year percentage of gas cost collections to total firm gas revenues.

(1) The BD Expense – Gas Revenue shown in Schedule JES-6, page 1, represents the total BD accruals booked in 2004 less the BD recovered through the Cost of Gas Adjustment. The difference of \$3,199,694 shown in Schedule JES-6, page 9, line 12, is deducted from the test year BD expense to produce the test year BD adjustment of \$7,106,032. The \$3,199,694 BD expense booked in 2004 associated with distribution service is reflected on the Company's books as follows:

Bad Debt Accrual	\$9,794,693
Transfer to Gas Costs	(\$6,595,000)
Collection of Gas Cost	<u>\$5,290,135</u>
Per Book Expense	\$8,489,828
Eliminate CGA collections	<u>(\$5,290,135)</u>
Amount on JES-6, p.9	\$3,199,693

The difference between the \$7,118,165 on Schedule JAF-1-1, page 2, and \$7,106,032 on JES-6, page 1 and 9 of \$12,133 also represents the difference between the BD expense related to base rates reflected on the Company's books (\$3,199,694) and BD expense associated with base rates in the cost of service (\$3,187,561 => \$10,305,726 - \$7,118,165).

(2) The BD expense in Schedule JLH-2-3, page 23, line 25, also represents test year level of BD expense associated with gas costs. However, the Allocated Cost of Service ("ACOS") study determined this gas cost portion somewhat differently. In the ACOS, BD expense associated with gas costs is derived by first assigning total BD

expense to each rate class using each rate class's claimed rate of return revenue requirement, and then assigning the BD expense to the gas supply function based on the split between the delivery and gas supply function revenue requirement. Allocating by rate class and functionalizing the revenue requirement into the gas supply function and the delivery function results in a different BD assigned to gas costs as compared to using the test year percentage of gas cost collections to total gas revenues. That difference is quite small, \$35,722, and represents a slightly less allocation of BD expense to the gas supply function as was charged in 2004.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TENTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 1, 2005

Responsible: Joseph A. Ferro, Manager, Regulatory Policy

- DTE-10-3      Please refer to Exh. BSG/JAF-1, at 41. The Company proposes to implement a Locksmith Fee for costs associated with locksmith service to gain access to company meters in certain locations.
- A) Detail how the company has historically treated costs associated with locksmith service;
  - B) explain why the Company now proposes to change the manner it has historically treated costs associated with locksmith service.
  - C) detail Department precedent allowing companies to assess a fee specifically related to locksmith service.

Response:

- A) The Company has recorded the cost of being assessed for locksmith service as a utility operating cost in Account 903.7 – “Custs R & C – Oper. Acctg. Exp.”
- B) The Company is not proposing to change the manner it has historically treated costs associated with locksmith service. It will record the costs as fees in Account 903.7. The Company is proposing to charge for this service at virtually the same costs the Company is charged (\$40.00 per locksmith trip to the premises). The associated revenues from assessing this charge would be recorded as other revenues in Account 488.81 – Locksmith Fees, and would offset the costs incurred by the Company.
- C) The Company is not aware of any Department precedent either in allowing or not allowing a utility to assess such a fee.